



JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER
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Opening Statement of Senator Charles E. Schumer
Chairman, Joint Economic Committee
Hearing: “Your Money, Your Future: Public Pension Plans and the Need to Strengthen Retirement Security and Economic Growth”
July 10, 2008

Good Morning. I would like to begin by thanking Senator Casey for holding this important hearing highlighting the need to strengthen our nation’s retirement security. Whether he is fighting to keep rising health insurance premiums down for workers or making sure there is sufficient emergency funding for food assistance to help families deal with skyrocketing grocery prices, there is no doubt that Bob Casey is a true champion for America’s families. The people of Pennsylvania – and we here on the Joint Economic Committee – are fortunate to have him in the Senate today.

It is no wonder that American workers today are feeling increasingly anxious about their jobs, their wages, and their ability to eventually retire. Every day it seems we learn more bad news about the economy:

- Just two days ago we learned that the already anemic housing market continues to plummet. Sales of existing homes fell an additional 4.7 percent in May – down 14 percent from where they were a year ago – and by all accounts the bottom is nowhere in sight, leaving millions of Americans with less access to credit and increasingly worried about whether they owe more on their homes than they are worth.
- This news comes on the heels of last week’s Labor report showing that the country lost another 62,000 jobs last month – marking the 6th straight month of job losses and bringing the total number of jobs lost just this year to almost 440,000. And as we all know, unemployment has devastating consequences for families. Not only must they struggle to make ends meet in the short term, but also their retirement savings suffer as they miss out on the opportunity to contribute to their retirement funds – assuming they were lucky enough to have a retirement fund to begin with.
- All of this news comes at a time when wages are stagnating and prices of everything – from oil to food to consumer products – is skyrocketing.

The most important thing we in Congress can do today is take steps to improve the nation’s economy. But we must also be taking steps to ensure that Americans’ long-term financial health is protected. We need to ensure that all workers, and in particular those in the public sector – our firefighters, our teachers, our police officers, have access to retirement plans that will provide them with the security they deserve.

Senator Casey is right to point out that strong public pension plans benefit more than just the workers they are designed to serve. Public sector defined benefit pension plans provide workers with 34 percent higher earnings over a 25 year period than defined contribution plans and save taxpayers hundreds of millions of dollars in reduced state and local government contributions.

At the same time, these plans help fuel the economy by driving investment to venture capital funds that play a critical role in nurturing American innovation and breakthroughs across the technological spectrum – including life saving advances in health care. So, it is critical that we in Congress do all we can to ensure that public defined benefit pension plans are protected.

But we must do more than that if we are to truly improve the retirement security of all Americans. We must encourage Americans to save more – something I have long been a proponent of. It is unacceptable that the U.S. ranks *lowest* of all industrial nations in personal savings, with a personal savings rate of *negative* 1 percent according to the U.S. Department of Commerce.

This is why I have sponsored the bipartisan ASPIRE Act that encourages families to start saving accounts for their children. As everyone here knows, in today's economy, asset building is essential to getting ahead. Yet despite that fact, we are not encouraging children, who have the most to gain from starting savings earlier in life, to become savers. By encouraging families to start accounts at birth (rather than when people enter the workforce), making the accounts universal, and providing a match to low-income people, and allowing anyone to contribute to them – the ASPIRE Act would go a long way in helping to improve this country's savings rate.

It is clear that there is no easy answer to solving our savings and retirement security problems. But I believe that today's discussion about what we here in Congress can do to strengthen the retirement security of all Americans is an important first step. I look forward to hearing from our panelists today, and I once again thank Senator Casey for highlighting this issue.